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METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES - Reimbursement to Long Term Care Facilities

- d. The updated General Service and General Administrative costs will be combined to form the reimbursement category of Support Costs. Nursing and Program costs will remain as a separate category.

2. Support Costs

- ==04/98 Support Costs, including laundry, dietary, housekeeping, utilities, and administrative expenses, will be reimbursed at the actual projected cost up to a group ceiling. ~~There will be no rate update for calendar year 1983 and six months of calendar year 1984.~~
- ==04/98 a. ~~The Department~~ DPA shall reimburse each facility for support costs associated with the provision of long term care on the basis of the relationship between the facility's per diem allowable support costs and referent values determined for each geographic area group from the distribution of per diem allowable support costs for all long term care facilities with adequate cost report data. For all facilities with a Department of Public Health (DPH) license classification ~~SNF/ICF (Skilled Nursing Facility, Intermediate Care Facility) nursing facility (NF)~~ or ICF/DD (Intermediate Care Facility for the Developmentally Disabled), the support rate will be computed as follows for the rate year to begin July 1, 1989 and subsequent years:
- 07/96 i. If a facility's per diem allowable support costs are less than the 35th percentile value for per diem allowable support costs in the geographic area group, the support rate will be equal to the facility's per diem allowable support costs plus 50% of the difference between the 75th percentile value for per diem allowable support costs in the geographic area group and the facility's per diem allowable support costs, up to a ceiling. The ceiling shall be equal to 50% of the difference between the 75th percentile value of allowable per diem support costs for the geographic area group and the 35th percentile value of allowable per diem support costs for the geographic area group plus \$.05.
- 07/96 ii. If a facility's per diem allowable support costs are greater than or equal to the 35th percentile value of per diem allowable support costs for the geographic area group and less than the 75th percentile value of per diem allowable support costs for the geographic area group, the support rate will be equal to the facility's per diem allowable support costs plus 50% of the difference between the 75th percentile value of per diem allowable support costs for the geographic area group and the facility's per diem allowable support costs.

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- 07/96 iii. If a facility's per diem allowable support costs are equal to or greater than the 75th percentile value of per diem allowable support costs for the geographic area group, the support rate will be equal to the 75th percentile value of per diem allowable support costs for the geographic area group.
- ==04/98 b. For all facilities which are owned and operated by county or municipal governments and which make payments into the Illinois Municipal Retirement Fund (IMRF), the support rate will include any and all sums paid into the IMRF on account of persons employed in the facility. No facility receiving IMRF costs under this provision shall receive reimbursement for the same costs under subsection III.C.2.a. The IMRF addition to the support rate is calculated as follows:
- ==04/98 i. The total IMRF costs will be divided by adjusted patient days to obtain IMRF per diem cost. The adjusted patient days will be determined in accordance with subsection III.B.3.
- ==04/98 ii. The IMRF per diem cost is adjusted for inflation. The inflation factor will be determined in accordance with the provisions of ~~III.C.1.c.iii~~ subsection III.C.1.b.iii.
- ==04/98 iii. The inflated IMRF per diem cost from step 2 will be added to the support rate determined in accordance with subsection III.C.2.a.
- 02/92 c. Small scale ICF/DD facilities are separately licensed facilities. However, for support reimbursement, the per diem is based on a sixteen person capacity and the sum of the support cost components is aggregated over four 4-person ICFs/DD, or one 4-person plus two 6-person ICFs/DD. The set of small scale ICFs/DD used in computing the support per diem will be identified in the provider

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agreements. All facilities in a set must be within the boundaries of the same geographic area. Removal and/or addition of a small scale ICF/DD which is part of a set requires both a written notice by the provider 90 days before the beginning of a fiscal year (July 1), or upon certification in the case of a new facility which is licensed, and a change in the affected provider agreement that identifies the membership of the set. Each per diem calculated by aggregating allowable support costs over the specified set of small scale ICFs/DD based on a sixteen person capacity will be treated as a single facility licensed as ~~ICF/DD-16~~ Intermediate Care Facility for the Mentally Retarded with 16 or fewer residents or a set of small scale ICFs/DD with a 16 person capacity (ICF/MR 16 and under), and will be included in the computation of support rates described in e.

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- d. For all facilities with a ~~Department of Public Health DPH~~ license classification SNF/PED (Skilled Nursing Facility for Pediatric residents), the support rate will be computed exactly as described for the nursing facilities and ICF/DD facilities, except that the referent value for each geographic area group (i.e., the 35th percentile values and the 75th percentile values for per diem allowable support costs) will be increased to 120% of the referent values applied in the computation of the support rates for nursing facilities and ICF/DD facilities.

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- e. For all facilities with a ~~Department of Public Health DPH~~ license classification ~~ICF/DD-16~~ ICF/MR 16 and under (~~Intermediate Care Facility for the Developmentally Disabled with 16 or fewer residents or a set of small scale ICFs/DD with a sixteen person capacity~~), the support rate will be computed by regionalizing the 35th percentile values and the 75th percentile values for per diem allowable support costs based upon cost of facilities or sets of facilities licensed as ~~ICF/DD-16~~ ICF/MR 16 and under. A set of facilities with four or six beds are considered as an ~~ICF/DD-16~~ ICF/MR 16 and under for the purpose of support reimbursement, and the support rate is computed exactly as described for ~~ICF/DD-16~~ ICF/MR 16 and under facilities. All

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- ==04/98 ~~ICF/DD-16 ICF/MR 16 and under~~, including sets of four-bed and/or six-bed facilities, will be used to locate the 35th percentile and the 75th percentile values for per diem allowable support costs. Those sets of small scale facilities which have support costs above the 75th percentile will be reimbursed for support costs up to, but not to exceed, 106.6% of the 75th percentile.
- ==04/98 f. For all facilities with a ~~Department of Public Health DPH~~ license classification SLC (Specialized Living Center), as determined by the ~~Department of Mental Health and Developmental Disabilities~~ Department of Human Services, Office of Developmental Disabilities (DHS/ODD) and recognized by the ~~Department of Public Aid DPA~~, the support rate will be computed exactly as described for the nursing facilities and ICF/DD facilities, except that the referent values for each geographic area group (i.e., the 35th percentile values and the 75th percentile values for per diem allowable support costs) will be increased to 152.8% of the referent values applied in the computation of the support rates for nursing facilities and ICF/DD facilities.
- ==04/98 ~~g. For the period September 1, 1993, through October 12, 1993, support rate components shall be set at the level in effect as of June 30, 1993.~~
- 07/97 g. Notwithstanding the provisions set forth for reimbursement of long term care services, effective January 18, 1994, reimbursement rates for nursing facilities, and ICF/MR facilities will remain at the levels in effect on January 18, 1994, except for support rates that require adjustment based on final audits of cost report data.
- 07/95 State fiscal year 1996 rates may change based on the first cost report filed by new ownership reflecting six months or more of the new ownership's operation for any facility which changed ownership between July 1, 1992, and January 18, 1994. Only changes in ownership in arms-length transactions between unrelated parties will be recognized for this rate change. Methodology for Support rate changes will be based on provisions found in this part. Support rates for facilities which qualify under this provision will not be decreased. If the rate calculation results in a rate higher than the support rate the facility received in fiscal year 1995, the facility will receive a rate increase.

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Effective for services provided on or after July 1, 1996, facilities which are located in an area which has changed geographic designation due to unique labor force factors shall have rates recalculated based upon the ceilings and norms of the newly designated geographic area.

3. Support Costs - Kosher Kitchen Reimbursement

Additional reimbursement will be added to the support rate of nursing facilities that have a fully kosher kitchen and food service operation that is, at least annually, rabbinically approved or certified and have sixty percent (60%) or more residents that request kosher foods or food products prepared in accordance with Jewish religious dietary requirements.

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- a. ~~The Department DPA~~ will determine eligibility for this additional reimbursement according to the following procedures:

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- i. The facility must notify ~~the Department DPA~~, in writing, of its request to be considered for kosher kitchen reimbursement.

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- ii. ~~Department DPA~~ staff may visit the facility to determine that the facility has a fully kosher kitchen and that at least sixty percent (60%) of its residents are requesting kosher foods or products.

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- iii. The facility will be required to supply a list to ~~the Department DPA~~ of current residents and identify which residents request kosher foods or products and sign a form certifying that the percentage of residents requesting kosher foods or products is at least sixty percent (60%). The rabbi will be required to sign the same form certifying that the fully kosher kitchen is rabbinically approved or certified at least annually.

- iv. Upon receipt of the certification form, the additional reimbursement will be added to the support component of the facility per diem rate will become effective on the first of the month subsequent to the month the facility request was received.

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- v. The facility must notify ~~the Department DPA~~ of any change in the percentage of residents requesting kosher foods or products if that number drops below the required sixty percent (60%). Upon notification, ~~the Department DPA~~ will adjust the support component of the facility per diem accordingly.

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vi. Annually, the facility must complete the certification form and submit it to the ~~Department~~ DPA with their cost report.

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b. Based upon food cost reports of the Illinois Department of Agriculture regarding kosher and nonkosher food available in the various regions of the State, the rate structure may be periodically adjusted by the ~~Department~~ DPA but may not exceed the maximum amount authorized under the law.

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4. Nursing and Program Costs

- a. Nursing Facilities -- Statewide Rates - Reimbursement for residents of nursing facilities will be based on the amount of staff time, supplies and consultant time each facility requires on the average to meet the needs of its residents in an economic and efficient manner. A Resident Assessment Instrument, applied by professional IDPA Nurses, will measure the amount of time the facility's staff uses in delivering the services needed by residents due to their varying conditions. Rates shall be determined on a statewide basis. However, the rates will vary geographically to reflect different labor cost inputs.

i. Components of the nursing rate.

The rate for the nursing component will consist of the following elements: (a) reimbursement for average variable time, (b) reimbursement for fixed time, (c) reimbursement for allowable fringe benefit costs, and (d) reimbursement for allowable costs of supplies, consultants and the Medical and Nursing Directors. The analysis of these costs will be carried out annually prior to the beginning of the rate year.

- (A) Variable Time Reimbursement. Variable nursing time is that time necessary to meet the major service needs of residents which vary due to their physical or mental conditions. Each need level or specific nursing service measured by the Resident Assessment Instrument is associated with an amount of time and staff level. Reimbursement is developed by multiplying the time for each service by the wage(s) of the staff (licensed or unlicensed) performing the service. If two levels of staff are involved in delivering a service, reimbursement for that service will be weighted by the wage and number of minutes allocated to each staff level. When a service can be provided by either an RN or an LPN, the wage used will be weighted by the average mix of RNs and LPNs in the sample of facilities used to set rates.

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- (1) Determination of wages. In calculating the rate, the figure used by ~~the Department~~ DPA for "wages" will be determined in the following manner:

(a) The mean wages for the applicable staff levels (RNs, LPNs, Nurses Aides) as reported on the cost reports and determined by geographical location will be the base;

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(b) Payroll taxes will be calculated according to the statewide ratio of payroll taxes to total wages measured from the sample of facilities used to set rates. Effective September 1, 1993, fringe benefits will be the average percent of benefits to actual salaries of all nursing homes based upon cost reports filed.

(c) The fringe benefits will be added to the base;

(d) This new total will then be updated for inflation from the time period for which the wage data are available to the midpoint of the rate year to recognize projected wage changes. The wage inflation rate used to update wages will be determined by comparing the historical change in nursing home wages in Illinois between 1976 and the time the latest wage information is available to the change in the DRI average hourly earnings, production workers for nursing and personal care facilities index for the U.S. for the same period.

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(e) Special minimum wage factor. For the period beginning August 25, 1990, ~~the Department~~ DPA will modify the process used in (a) above to determine regional mean wages for Registered Nurses (RN), Licensed Practical Nurses (LPN) and nurse aides to include a minimum wage factor. For those homes below 90% of the statewide average, the wage is replaced by 90% of the statewide average. Effective July 1, 1991 through June 30, 1992, a final wage multiplier of 4.1% will be applied to wages. Beginning July 1, 1992 through August 31, 1993, a final wage multiplier of 6.2% will be applied to wages. Effective September 1, 1993, the wage multiplier is eliminated.

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(2) Determination of Times and Staff Levels. The times and staff levels have been assigned by a panel of administrators and nurses active in long term care. Prior time/motion studies were used to assist the panel. These times will be reviewed periodically to ensure that they accurately reflect nursing practice in the State.

(B) Fixed Time Reimbursement. Fixed or indirect nursing time is that time which does not vary with resident condition or which cannot be measured by an assessment tool. It includes such items as staff meetings, supervision, "downtime", checking physicians' orders and time spent with residents which do not vary with condition. For the first year, a statewide random sample of residents will be used to determine "fixed" time. The mean variable time will be computed for the sample for each level of care, and this amount subtracted from DPH Minimum Staffing Ratios plus 5% for each level of care. Once the "fixed" time has been determined, the minutes will be weighted at 20% licensed and 80% unlicensed time and multiplied by the appropriate wage. This amount will be added to variable time for each resident in the sample. If fixed time is less than zero minutes, then it will equal zero.

(C) Vacation, Sick Leave and Holiday Time. The time to be added for vacation, sick leave and holidays will be determined by multiplying the sum of Variable and Fixed Time by 5%. This time will then be weighted at 80% unlicensed and 20% licensed wages to determine the amount to be added to the rate for these benefits.

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(D) Special Supplies, Consultants and the Director of Nursing. Finally, amounts will be added for health care and program supplies, consultants required by ~~Department of Public Health~~ DPH (including the Medical Director) and the Director of Nursing. Supplies will be updated for inflation using the General Services Inflator. This amount will be determined based on the ratio of median updated supply costs by region to median costs for variable and fixed time by level of care by region.

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A similar analysis will be used to determine an amount for consultants (including Medical Director) and the Director of Nursing. These costs will be updated with the nursing wage inflator.

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- (E) Comprehensive Patient Assessment Effective July 1, 1990, nursing facilities will be reimbursed for the new variable time service category, comprehensive patient assessment. For the reimbursement year July 1, 1990 through June 30, 1991, reimbursement of this service item will cover the period October 1, 1990 (the effective date of the new federal regulation) through June 30, 1991. Starting with July 1, 1991, the reimbursement will cover the full reimbursement year.

For the reimbursement period of July 1, 1990 until the nursing facility's first annual Inspection of Care nursing reimbursement rate update resulting from an annual Inspection of Care assessment occurring on or after January 1, 1991, the associated per diem per resident amounts of staff time and staff levels for this category of service shall be one minute of nurse aide time; 2.2 minutes of licensed nurse time; 1.4 minutes of registered nurses time; and .6 minutes of social worker time.

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